

Message Text

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ACTION EA-12

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SUBJECT: SPRING WAGE NEGOTIATIONS: FIRST ROUND

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1. SUMMARY. MANAGEMENT IN STEEL, SHIPBUILDING, ELECTRICAL MACHINERY AND AUTOS, FOUR MAJOR INDUSTRIES ORGANIZED BY IMF-JC, ANNOUNCED APRIL 13 SURPRISINGLY LOW WAGE INCREASE OFFERS RANGING FROM 4.2 PERCENT (STEEL) TO 7.9 PERCENT (AUTOS). ALTHOUGH PRIVATE AND NATIONAL RAILWAY WORKERS AND OTHER PUBLIC ENTERPRISE WORKERS HAVE LAUNCHED SERIES OF WALKOUTS TO CULMINATE IN 3 DAY NATIONWIDE TRANSPORT STRIKE APRIL 25-27, GENERAL LEVEL OF FINAL WAGE SETTLEMENTS EXPECTED TO BE LOWEST IN TWENTY YEARS. DUE TO GENERAL ECONOMIC RECESSION AND LONG-TERM DECLINE OF LEADING INDUSTRIES SUCH AS STEEL AND SHIPBUILDING, THIS YEAR'S LOW WAGE OFFERS GREETED WITH CERTAIN SENSE OF INEVITABILITY AS WORKERS IN HARD PRESSED PRIVATE FIRMS ACCEPTED MANAGEMENT ARGUMENT THAT IT COULD NOT GUARANTEE TRADITIONAL JOB SECURITY IF WAGE HIKES WERE EXCESSIVE. END SUMMARY.

1. MAJOR FIRMS IN STEEL, SHIPBUILDING, ELECTRICAL MACHINERY AND AUTOMOBILES ORGANIZED BY JAPAN METAL WORKERS
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COUNCIL (IMF-JC) AFFILIATES OFFICIALLY PRESENTED THEIR 1978 WAGE INCREASE OFFERS TO UNION LEADERS APRIL 13. DUE TO SUBSTANTIALDISPARITY IN ECONOMIC PERFORMANCE BETWEEN STEEL AND SHIPBUILDING, WHICH HAVE ENTERED PERIOD OF DECLINE, AND AUTOS AND ELECTRICAL MACHINERY, WHICH HAVE ENJOYED CONTINUED HIGH PROFITS, IMF AFFILIATES THIS YEAR AGREED BEFOREHAND THAT WAGE INCREASES WOULD

HAVE TO REFLECT INDIVIDUAL INDUSTRY CONDITIONS, AND THAT FEDERATION COULD NO LONGER ENFORCE UNIFORM AVERAGE WAGE SETTLEMENT AS IN PAST. TRADITIONAL INDUSTRIAL LEADER, STEEL, PERMITTED TO MAKE FIRST WAGE OFFER IN ORDER TO SAVE BOTH MANAGEMENT AND UNION FACE, BUT AVERAGE OFFER OF ONLY 4.24 PERCENT (YEN 7,000 OR \$32.11 PER MONTH INCLUDING AUTOMATIC ANNUAL INCREMENT OF 2 PERCENT, UNDERLINED WEAKENED CONDITION OF BOTH INDUSTRY AND UNION. SHIPBUILDING INDUSTRY, WHICH FACES MUCH BLEAKER LONG-TERM BUSINESS PROSPECTS THAN STEEL, OFFERED 4.37 PERCENT (YEN 7,200 OR \$33.02). AUTOMOBILE AND ELECTRICAL MACHINERY MANUFACTURERS, AS EXPECTED, OFFERED SOMEWHAT LARGER INCREASES, 7.9 PERCENT (YEN 10,500 OR \$43.17) FOR AUTOS, AND BETWEEN 7.5 PERCENT AND 7.8 PERCENT (YEN 8,920 OR \$40.92 TO 10,670 OR \$48.94) FOR ELECTRICAL MACHINERY, BUT OFFERS STILL BARELY EXCEEDED FISCAL 1977 OF 6.8 PERCENT INCREASE IN CONSUMER PRICE INDEX. ALTHOUGH ELECTRICAL MACHINERY WORKERS HAVE THREATENED TO STRIKE FOR HIGHER OFFER, STEEL WORKERS WILL, AS IN PAST, ACCEPT MANAGEMENT'S FIRST OFFER, AND OTHER AFFILIATES WILL PROBABLY ACQUIESE TO SETTLEMENTS CLOSE TO INITIAL MANAGEMENT PROPOSAL.

2. UNUSUALLY LOW INCREASE OBTAINED BY IMF AFFILIATES, WHICH HAVE TRADITIONALLY SET PACE FOR WAGE SETTLEMENTS THROUGHOUT PRIVATE SECTOR, VIEWED HERE AS SIGN OF UNCLASSIFIED

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SHIFTING INDUSTRIAL POWER AMONG JAPANESE COMPANIES AND THEIR UNIONS. STEEL, BELLWEATHER INDUSTRY OF HIGH GROWTH ERA, NOW FACES NECESSITY OF FULL-SCALE REORGANIZATION TO MEET LOWER INTERNATIONAL AND DOMESTIC DEMAND, WHILE AUTO INDUSTRY, ON THE OTHER HAND, CONTINUES TO EXPAND. AS RESULT, INFLUENCE OF STEEL WORKERS (TEKKO ROREN) NOW APPEARS ON WAVE WHILE THAT OF AUTO WORKERS (JIDOSHA SOREN) SHOULD EXPAND. HOWEVER, FAILURE OF IMF-JC TO MAINTAIN UNITED FRONT IN WAGE DEMANDS, AND LOW SETTLEMENT ACHIEVED EVEN IN MORE PROSPEROUS AFFILIATES, HAS LED PRESS TO SPECULATE THAT INFLUENCE OF IMF-JC AS WHOLE HAS BEEN WEAKENED, CALLING INTO QUESTION ABILITY OF FEDERATION TO CONTINUE AS DEFACTO LEADER OF PRIVATE SECTOR UNIONS IN FUTURE WAGE NEGOTIATIONS.

3. ATTENTION IN PRIVATE SECTOR HAS NOW SHIFTED TO PRIVATE RAILWAY WORKERS (SHITETSU SOREN), WHO ARE SEEKING WAGE BOOST SUBSTANTIALLY HIGHER THAN 4.19 PERCENT (YEN 6,700 OR \$28.05) OFFERED BY MANAGEMENT APRIL 10. UNION NOW THREATENING TO CARRY OUT PRIVATE RAILWAY STRIKE APRIL 23, AND, SHOULD MANAGEMENT OFFERS REMAIN UNACCEPTABLE, TO JOIN PUBLIC RAILWAY WORKERS IN SHUT-

DOWN OF ALL MAJOR RAILROAD LINES APRIL 25

-27.

4. ANXIOUSLY WATCHING NEGOTIATIONS IN PRIVATE SECTOR HAVE BEEN WORKERS IN PUBLIC SECTOR, WHERE GOVERNMENT BASES ANNUAL WAGE INCREASES ON PRIVATE SECTOR SETTLEMENTS. AS IN PAST, PUBLIC WORKERS HAVE SCHEDULED SERIES OF STRIKES IN EFFORT TO PRESSURE GOVERNMENT TO OFFER LARGER INCREASE. FIRST "WAVE", APRIL 13 AND 14, INCLUDED 24-HOUR WALKOUTS BY PUBLIC RAILWAY TICKET-TAKERS, AND LIMITED STRIKES IN LOCAL AREAS BY RAILWAY

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MOTORMEN AND BY WORKERS IN POSTAL AND TELEGRAPH OFFICES AND IN PUBLIC ENTERPRISES. THESE STRIKES RECEIVED SUBSTANTIAL PRESS COVERAGE, BUT INCONVENIENCE TO PUBLIC WAS APPARENTLY LIMITED. WORK STOPPAGES AND SLOWDOWNS ON LARGER SCALE WERE PLANNED FOR APRIL 18 AND 19, FOLLOWED BY FULL-SCALE PUBLIC TRANSPORTATION AND UTILITIES STRIKE APRIL 25-28. SINCE GOJ BUDGET ALREADY INCLUDES APPROPRIATION FOR 5 PERCENT WAGE HIKE FOR PUBLIC WORKERS THIS YEAR, MAJOR QUESTION IN PUBLIC SECTOR HAS BEEN SIZE OF INCREMENT OVER 5 PERCENT GOJ WILL BE FORCED TO ACCEPT. HOWEVER, BECAUSE PUBLIC SYMPATHY FOR TRANSPORTATION STRIKE, PUBLIC WORKERS' MAJOR WEAPON, HAS BEEN LIMITED IN RECENT YEARS (REFTEL), AND GIVEN LOW LEVEL OF MANAGEMENT OFFERS IN PRIVATE SECTOR, PUBLIC WORKERS MAY HAVE DIFFICULTY OBTAINING SUBSTANTIAL INCREMENT.

5. NEWS OF LOW IMF-JC FIGURES WAS GREETED WITH SENSE OF INEVITABILITY BY UNION LEADERS AND PRESS, WHICH HAVE

GENERALLY ACCEPTED MANAGEMENT ARGUMENT THAT LARGE
SCALE WAGE HIKES COULD FURTHER DAMAGE FINANCIAL POSITION
OF THEIR COMPANIES, PERHAPS FORCING EMPLOYERS TO
VIOLATE "LIFELONG EMPLOYMENT" TRADITIONS AND LAY-OFF OR
EVEN FIRE WORKERS. HOWEVER, IN ACCEPTING WAGE INCREASES
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THAT WILL BE, IN MOST INDUSTRIES, LOWEST IN NEARLY
TWENTY YEARS, WORKERS IN PRIVATE SECTOR HAVE ALSO
GAINED AT LEAST IMPLICIT COMMITMENT OF MANAGEMENT TO
MAINTAIN CURRENT EMPLOYMENT LEVELS.
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